

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7091

BILL NUMBER: HB 1220

NOTE PREPARED: Jan 8, 2011

BILL AMENDED:

SUBJECT: Partial Unemployment Benefit.

FIRST AUTHOR: Rep. Culver

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☒ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill establishes a partial unemployment benefit for an individual who accepts work that pays less than the individual's unemployment benefit.

Effective Date: Upon passage.

Explanation of State Expenditures: The impact on the state would be as an employer and also as the administrator of the Unemployment Trust Fund.

Employer Impact: The impact on the state as an employer would probably be minor. The state paid about \$4.6 M in FY 2010, \$4.1 M in FY 2009, and \$4.1 M in FY 2008 to the Unemployment Insurance Trust Fund as an employer.

Trust Fund Impact: The bill could decrease expenditures from the trust fund if claimants accept work paying less than their benefits. If the claimant works and receives pay less than their weekly unemployment benefits, the fund would pay benefits equal to the difference in the person's pay minus their weekly benefit plus \$40. The claimant can receive partial benefits for 13 weeks. The maximum length of unemployment benefits under normal conditions is 26 weeks. The impact would depend on the number of recipients that accept work for less than their benefits.

The continuing claims for state benefits average between 60,000 and 70,000. The maximum weekly benefit is \$390, and the average is about \$300. *As an example:* If 1% of the individuals with continuing claims accept work that pays \$150, then the savings to the trust fund would be about \$3.4 M to \$4.0 M. [i.e., $(60,000 * 1\% * (\$150 - \$40) * 52 \text{ weeks})$ to $(70,000 * 1\% * (\$150 - \$40) * 52 \text{ weeks})$]

Background: The trust fund paid about \$1 B in CY 2010, \$1.9 B in CY 2009, and \$1 B in CY 2008 for unemployment benefits and collected about \$590 M in CY 2010, \$521 M in CY 2009, and \$579 M in CY 2008.

Trust Fund Loans Outstanding Loans from Federal Unemployment Account Balances as of December 31, 201	
Alabama	201,848,503
Arizona	236,446,165
Arkansas	330,853,383
California	9,454,435,221
Colorado	423,086,559
Connecticut	522,711,705
Delaware	32,403,279
Florida	1,957,500,000
Georgia	532,500,000
Hawaii	14,642,207
Idaho	202,401,700
Illinois	2,375,751,114
Indiana	1,955,480,001
Kansas	88,159,421
Kentucky	804,700,000
Michigan	3,710,391,759
Minnesota	544,703,695
Missouri	722,116,933
Nevada	620,601,745
New Jersey	1,607,867,051
New York	3,134,209,977
North Carolina	2,508,603,668
Ohio	2,314,186,799
Pennsylvania	3,008,614,961
Rhode Island	225,472,937
South Carolina	886,662,352
Vermont	38,475,192
Virgin Islands	17,388,847
Virginia	346,892,000
Wisconsin	1,383,212,040
Total	40,202,319,215

Explanation of State Revenues:

Explanation of Local Expenditures: The impact on locals would be as employers.

Explanation of Local Revenues:

State Agencies Affected: Department of Workforce Development, All.

Local Agencies Affected: All.

Information Sources:

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